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SUBJECT: VENEZUELA TO RECOGNIZE ABKHAZIA AND SOUTH OSSETIA

¶1. (SBU) Summary: Venezuelan President Hugo Chavez announced Venezuela's recognition of Abkhazia and South Ossetia during a meeting with Russian President Medvedev in Moscow September 10. The decision was possibly sweetened by the conclusion of a number of agreements to develop energy resources in Venezuela, the decision to create a Venezuelan-Russian bank, and Russia's offer to sell tanks and other weapons to Venezuela. End Summary.

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Chavez Recognizes Abkhazia and South Ossetia...
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¶2. (SBU) Venezuelan President Hugo Chavez told Russian President Medvedev that Venezuela recognized Abkhazian and South Ossetian sovereignty "from this moment forward" during a meeting between the two leaders in Moscow September 10, according to press reports. Venezuela would become the third country after Russia and Nicaragua to recognize the independence of the two separatist regions. Medvedev responded by thanking Chavez for his "serious and important announcement," while Duma leaders praised the Venezuelan decision as the continuation of a steady process by which other countries would recognize the breakaway regions. Deputy Chairman of the Duma CIS Committee Kontstantin Zatulin asserted that international recognition would proceed gradually, adding that "Russia does not force countries to recognize them like the U.S. did with regards to Kosovo."

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...And Pockets Finance and Energy Deals
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¶3. (SBU) As probable sweeteners for Chavez' decision, Venezuelan and Russian concerns signed several energy-related agreements September 10 to develop Venezuelan oil fields along the Orinoko River and provide other energy infrastructure. Medvedev also announced the creation of a joint Venezuelan-Russian bank to be established by year-end 2009 with four billion dollars in capital, 51 percent of which will be provided by Russian banks Vneshtorgbank and Gazprombank.

¶4. (SBU) Medvedev also announced Russia would continue to provide arms, including tanks, to Venezuela. In recent years, Russia has racked up some four billion dollars in weapons sales to Venezuela, including fighter jets, helicopters, and assault rifles. While no formal announcement has been made, media report that Venezuela is considering a purchase of up to 500 million dollars' worth of Russian-made T-72 tanks.

Comment

¶5. (SBU) Chavez' announcement is unlikely to start a wave of international recognition for Abkhazia and South Ossetia. Venezuela is too close to Russia for Chavez' decision to be a major coup. Still, while Russia claims it does not care about international recognition of the breakaway regions, its leaders are clearly

pleased with Chavez' decision. Russian-Venezuelan agreements on energy and finance and the continuing arms deals show that the goodwill Chavez has engendered has not gone unrewarded by the Russian leadership.

BEYRLE